

## **Sales and Manufacture of Dairy Products**

Consumption and demand data is difficult to generate for food items, and dairy products are no exception. However, sales data and manufacturing data can be used to approximate consumption figures. Sales data for fluid milk products were used to estimate consumption of fluid milk products, and manufacturing data were used to estimate consumption of other selected dairy products.

Many products can be manufactured using milk as the primary ingredient. The discussion here is limited to cottage cheese and frozen dairy products, which have similar post-processing characteristics to those of fluid milk, i.e., insignificant importation, exportation or long-term storage (Table 35).

An appropriate population estimate is a necessary component for estimating per capita consumption. California population data were obtained from the California Department of Finance. In July 1998, the state's population reached an estimated 33.5 million. This represents a 1.6 percent increase over the previous estimate of 33.0 million for July 1997.

Per capita consumption of fluid milk products was 22.28 gallons (Table 35). The total consists of 8.80 gallons of whole, 6.89 gallons of reduced fat (2 percent fat) milk, 2.83 gallons of lowfat (1 percent fat) milk, 3.42 gallons of skim (fat free) milk and 0.34 gallons of half-and-half products. The 1998 per capita consumption figure represents a 2.4 percent decrease from the 1997 estimate and a 4.0 percent decrease from the 1996 estimate.

In 1998, per capita consumption of cottage cheese in California (as estimated by per capita production) totaled 2.95 pounds, an increase of 1.4 percent since 1997. Lowfat and nonfat cottage cheese were consumed in greater quantities than creamed cottage cheese (1.96 pounds vs. 0.99 pounds), which contrasts sharply with the consumption patterns prevalent in the early 1980s.

Frozen products were broken into three categories — ice cream, ice milk and sherbet. Total frozen dairy product consumption was up 0.6 percent since 1997. Ice cream accounted for approximately 73 percent of the consumption of frozen dairy products. Ice milk accounted for approximately 22 percent, with sherbet accounting for the remaining products consumed. Consumption of imitation ice cream and imitation ice milk products was insignificant at less than 0.01 half gallons per capita.

**Table 35. Estimated Per Capita Consumption of Selected Dairy Products  
in California, 1979-1998**

Year	California Population	Fluid Milk Products				Half & Half		Cottage Cheese			Frozen Dairy Products			
		Total	Whole	Reduced Fat <sup>2/</sup> Light <sup>3/</sup>	Skim	Half	Total	Creamed	Low and Nonfat	Total	Ice Cream	Milk	Sherbet	
Thousands														
		Gallons				Pounds			Half Gallon					
1979	23,255	30.84	28.50		1.94	0.40	6.33	4.32	2.01	10.57	7.67	2.45	0.45	
1980	23,771	29.85	27.57		1.88	0.40	6.16	4.06	2.10	10.47	7.63	2.42	0.42	
1981	24,210	29.12	26.89		1.83	0.40	5.90	3.78	2.12	10.54	7.78	2.35	0.41	
1982	24,722	28.02	25.91		1.72	0.39	5.44	3.45	1.99	10.35	7.71	2.25	0.39	
1983	25,152	27.89	25.79		1.70	0.40	5.30	3.31	1.99	10.64	8.04	2.22	0.38	
1984	25,576	27.99	25.70		1.85	0.44	5.51	3.37	2.14	11.05	8.34	2.31	0.40	
1985	26,365	27.94	25.49		2.00	0.45	5.34	3.15	2.19	10.83	8.10	2.35	0.38	
1986	26,846	27.52	24.99		2.09	0.44	5.36	3.04	2.32	10.69	7.98	2.36	0.35	
1987	27,663	26.77	13.23	10.98	2.16	0.40	4.92	2.77	2.15	10.54	7.83	2.35	0.36	
1988	28,314	26.65	12.86	11.03	2.36	0.40	4.42	2.42	2.00	10.75	7.57	2.82	0.36	
1989	29,063	26.58	12.21	11.23	2.75	0.39	3.96	1.98	1.98	10.71	7.42	2.91	0.38	
1990	29,976	26.29	11.49	9.96	2.73	0.40	3.59	1.65	1.94	10.16	6.86	2.93	0.37	
1991	30,655	25.68	11.11	9.46	2.67	0.37	3.43	1.50	1.93	9.88	7.09	2.45	0.34	
1992	31,335	24.64	10.66	8.86	2.70	0.33	3.23	1.32	1.91	9.78	7.11	2.33	0.34	
1993	31,742	23.61	9.98	8.38	2.75	0.33	2.85	1.09	1.76	9.40	6.96	2.10	0.34	
1994	32,140	23.49	9.84	8.23	2.88	0.33	2.87	1.02	1.85	9.32	6.92	2.07	0.33	
1995	32,063	23.29	9.58	7.74	3.20	0.32	2.71	0.97	1.74	9.51	6.98	2.01	0.52	
1996	32,383	23.21	9.47	7.62	3.35	0.33	2.89	1.01	1.88	8.89	6.64	1.85	0.40	
1997	32,961	22.82	9.08	7.35	3.46	0.32	2.91	0.98	1.93	8.95	6.65	1.91	0.39	
1998	33,494	22.28	8.80	6.89	3.42	0.34	2.95	0.99	1.96	9.00	6.60	1.96	0.44	

<sup>1/</sup> Reduced fat included in whole milk prior to 1987.

<sup>2/</sup> Fluid milk containing 1% milkfat was introduced in California January 1990.

# Classification of Dairy Products

EFFECTIVE JUNE 21, 1993

PRODUCT DESCRIPTION	CLASSIFICATION
Acidified Half-and-Half	1
Fluid Milk Products:	
Acidophilus	1
Concentrated	1
Filled	1
Flavored	1
High Nutrient	1
Imitation	1
w/Lactobacillus Acidophilus Culture	1
Lactose Reduced	1
Modified	1
Whole, Reduced Fat, Lowfat, Fat Free	1
Half-and-Half	1
Kefir and Fruit Kefir	1
Milk Drink	1
Milk Drink Mix	1
Acidified Buttermilk	2
Acidified Half-and-Half	2
Acidified Half-and-Half Dressing	2
Buttermilk	2
Clotted Cream	2
Condensed (Sweetened and Unsweetened)	
Milk	2
Lowfat Milk	2
Fat Free Milk	2
Cottage Cheese:	
Acidified or directly set	2
Creamed	2
Creamed Spread	2
Lowfat	2
Fat free	2
Partially Creamed	2
Uncreamed	2
Cream	
Acidified Cream	2
Coffee Cream	2
Light Cream	2
Table Cream	2
Whipping Cream	2
Cream Dressing (Sour and Acidified Sour)	2
Dry Whey (from Cottage Cheese)	2
Egg Nog (all varieties)	2
Evaporated (Sweetened and Unsweetened)	
Cream	2
Milk	2
Lowfat Milk	2
Fat free Milk	2

These products are assigned to Class 2 if packaged in pre-sterilized containers to meet out-of-state requirements and sold outside the boundaries of California.

These products must be assigned to the classification of ultimate usage.

These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.

These products must be assigned to the classification of ultimate usage.

PRODUCT DESCRIPTION	CLASSIFICATION	
Fromage Frais (Lowfat, Fat free)	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Hoop Cheese	2	
Sour Cream	2	
Light Sour Cream	2	
Sour Flavored Half-and-Half	2	These products are assigned to Class 2 if sold for use outside California and Class 4a if sold for use outside of the 48 contiguous states.
Sour Half-and-Half Dressing	2	
Ultra High Temperature (UHT) Products:		
Fluid Flavored Milk (Whole, Lowfat, Fat free)	1	
Fluid Milk (Whole, Lowfat, Fat free)	1	These products are assigned to Class 4a if sold for use outside of the 48 contiguous states.
Half-and-Half	1	
Dairy Spread	2	
Egg Nog	2	
Flavored Drink	2	These products are assigned to Class 4a if sold for use outside of the 48 contiguous states.
Lowfat Milk	2	
Milk	2	
Milk Drink Mix	2	
Fat free Milk	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Ultrapasteurized Half-and-Half (hermetically sealed)	2	
Whipped Cream (Cream Topping)	2	
Whipped Nonfat Yogurt Topping	2	
Yogurt (Flavored, Lowfat, Nonfat)	2	These products are assigned to Class 4a if sold for use outside the boundaries of the U.S.
Yogurt Drink (Lowfat, Nonfat)	2	
Yogurt Sherbet	2	
Frozen Dairy Dessert (Mix, Lowfat, Nonfat)	3	
Frozen Yogurt (Mix, Lowfat, Nonfat)	3	
Ice Cream and Ice Milk		
Diabetic	3	
Dietetic	3	
Imitation	3	
Mix	3	
Nonfat	3	
Light Dairy Dessert	3	
Quiescently Frozen Confections	3	
Sherbet	3	
Butter	4a	These products are assigned to Class 4a if sold outside the 48 contiguous states.
Dry Buttermilk	4a	
Nonfat Dry Milk	4a	
Ultrapasteurized Milk Products	4a	
Whole Dry Milk	4a	
Cheese:		
Bakers	4b	
Blue	4b	
Brick	4b	
Cheddar	4b	
Colby	4b	
Cream	4b	
Full Skim	4b	
Gorgonzola	4b	
Limburger	4b	

PRODUCT DESCRIPTION	CLASSIFICATION
Cheese (continued)	
Monterey Jack	4b
Mozzarella	4b
Muenster	4b
Neufchatel	4b
Parmesan	4b
Part Skim	4b
Provolone	4b
Ricotta	4b
Romano	4b
Swiss	4b
Dry Modified Whey	4b
Dry Whey (from other Cheese)	4b

## California Dairy Industry Historic Timeline

(as related to Government)

- 1932 Los Angeles Milk Arbitration Board: Voluntary agreement among producers and handlers to set producer and resale prices.
- 1935 Young Act - Establishes minimum producer pricing. Dairy Marketing created.  
Federal programs terminated in California.
- 1937 Desmond Act - Establishes minimum wholesale and retail pricing.
- 1945 Dairy Products Promotion Act - Establishes the Dairy Council of California to foster education and promotional programs.
- 1947 Unfair Practices Act - Regulates unfair dairy business practices. Prohibits sales below cost.
- 1955 Amendment of Young Act: Basis for pricing changed.
- 1962 AB 2742 - Establishes component pricing for fluid milk products. (butterfat, solids-not-fat, and fluid carrier).  
California introduces lowfat (2-10) milk.
- 1965 Classified pricing for manufactured products begins, based solely on finished product prices for butter and nonfat dry milk.
- 1967 Gonsalves Milk Pooling Act - Establishes a statewide pooling of producer revenues, using a system of quota, base and overbase.
- 1969 Gonsalves Milk Pooling Act becomes effective.  
California Milk Advisory Board established.
- 1970 California Manufacturing Milk Advisory Board established.
- 1973 Quality assurance dating was extended to most dairy products.  
Forward pricing for Class 2 and 3 products began.  
Suspension of minimum wholesale pricing began.
- 1974 AB 1570 - Requires cottage cheese, buttermilk, and sour cream dressing be made from market grade milk.
- 1975 Minimum retail prices suspended in North and Central Valley.
- 1977 Minimum retail and wholesale prices suspended in all areas.  
Market Milk Enforcement consolidated with Dairy Marketing.
- 1978 AB 1110 - Desmond Act repealed. All original quota equalized.  
Authority to establish formula pricing.  
Economic formula to determine Class 1 prices implemented.  
Established 2-month pricing periods.
- 1979 Milk movement provisions developed.  
to Call provisions
- 1982 Transportation credits (plant to plant)  
Transportation allowances (ranch to plant)
- 1980 Fluid milk usage goes below 50 percent of total milk production on an annual basis.
- 1982 AB 903 - Class 4 divided into Class 4a and Class 4b.
- 1983 Dairy and Tobacco Adjustment Act of 1983 - Dairy Diversion Program: Payments made for voluntary 5% to 30% reductions in milk production between January 1984 and March 1985; first federal use of supply control in the milk industry.

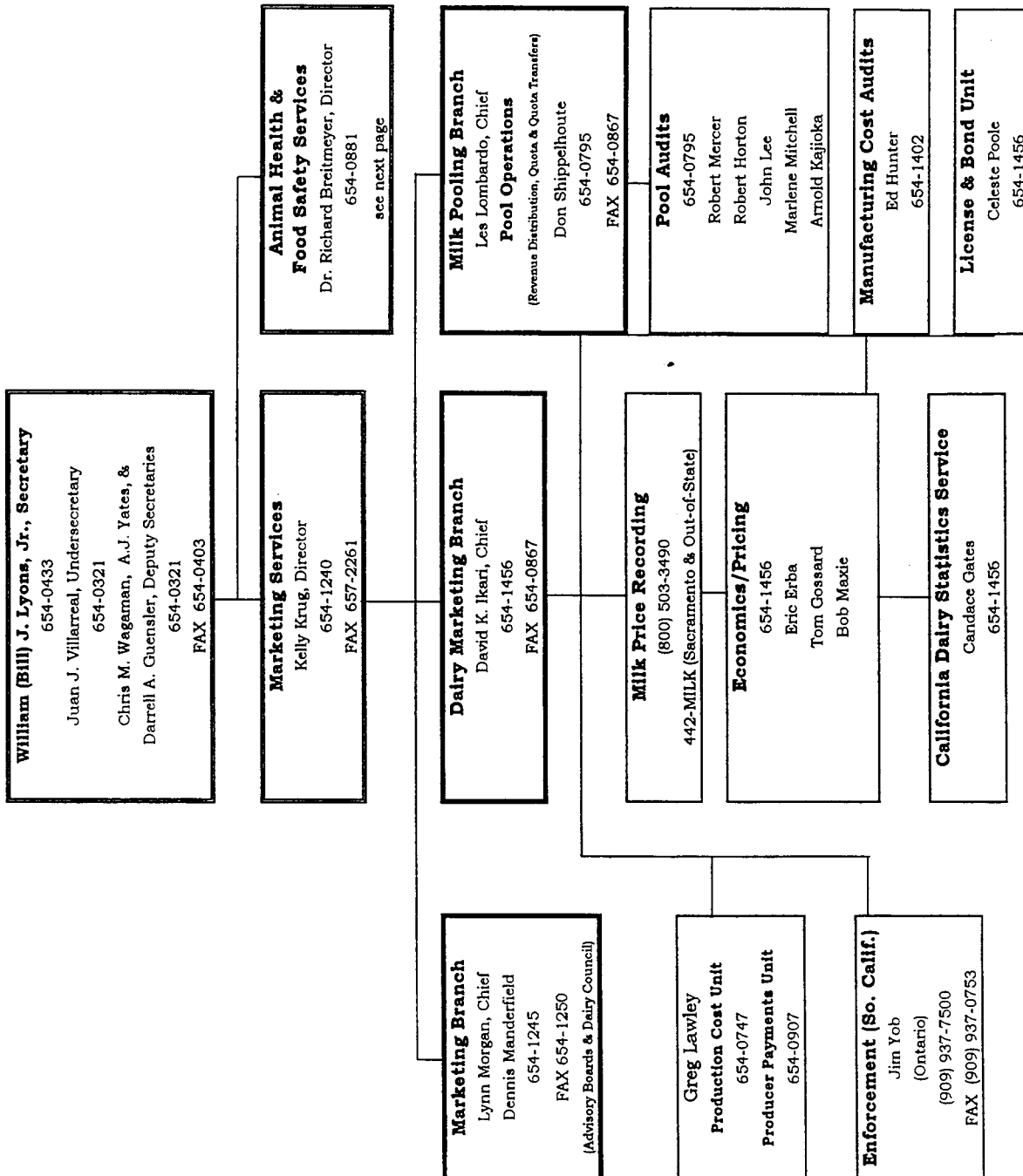
- 1984 AB 910 - Milk Pooling statutes revised relative to issuance of new quota. Quota allocated based on Class 1 growth above historic high. Implementation of \$0.15 per hundredweight national promotion assessment.
- 1985 1985 Farm Bill - Dairy Termination Program - payment made for voluntary elimination of dairy farms between April 1986 and August 1987.
- 1987 SB 29 - Establishes Milk Producers Security Trust Fund.
- 1989 Class 4b prices based on cheese prices began.  
Two-month pricing for Class 2 and 3 began.  
Emergency price relief granted on Class 1 from August through November 1989.
- 1990 Extra light (1-11) milk introduced.
- 1991 AB 2203 - Provided for emergency price relief
- 1992 Emergency price relief granted on Class 1, 2 and 3 from February through August 1992.
- 1993 SB 688 - Milk Pooling Statutes revised to provide a fixed Class 1 price differential of \$1.70 from January 1, 1994 to January 1, 1995.  
SB 72 - Authorizes dairy product cross-promotion. Yogurt reclassified from Class 1 to Class 2 milk product. Quota allocation now based on Class 1 and 2 SNF growth.  
Cost of Production and consumer purchasing power removed from Class 1 pricing formula. Now formula only uses Commodity Reference Price.  
California Milk Processors Board established.  
California Dairy Advisory Committee established.
- 1994 AB 1285 - Removes sunset clause on SB 688 making the \$1.70 fixed differential permanent.
- 1995 Emergency price relief granted on all classes from June 1995 through January 1996.
- 1996 SB 1885 - Changes accounting for restricted use market milk.  
Eliminates producer's ability to de-pool their milk on a monthly basis by giving up their Grade A permit.
- 1997 Changed the accounting for other source milk on July 1.
- 1998 AB 1058 - Removes sunset clause on SB 1885.

# Key Contacts for Department Dairy Services

California Department of Food and Agriculture, 1220 N Street, Sacramento, CA 95814

Homepage Address: <http://www.cdffa.ca.gov/dairy>; e-mail address: [dairy@cdffa.gov](mailto:dairy@cdffa.gov)

(Area Code is 916 unless indicated)





# Key Contacts for Department Dairy Services

California Department of Food and Agriculture, 1220 N Street, Sacramento, CA 95814  
 Homepage Address: <http://www.cdffa.ca.gov/dairy>; e-mail address: [dairy@cdffa.gov](mailto:dairy@cdffa.gov)  
 (Area Code is 916 unless indicated)

**William (Bill) J. Lyons, Jr., Secretary**

654-0433

Juan J. Villarreal, Undersecretary

654-0321

Chris M. Wagaman, A.J. Yates, &

Darrell A. Gueneler, Deputy Secretaries

654-0321

FAX 654-0403

## Animal Health & Food Safety Services

Richard Breitmeyer, DVM

Director

654-0881

FAX 653-4249

## Marketing Services

Kelly Krug, Director

654-1240

FAX 657-2261

see previous page

## Animal Health Branch

Kenneth Thomazin, DVM, Chief

654-1447

FAX 653-2215

## District Veterinarians

**\*Redding\***

Charles Palmer, DVM

225-2140

**\*Sacramento\***

Phyllis Davis, DVM

263-2977

**\*Modesto\***

David Willoughby, DVM

(209) 576-6330

**\*Fresno\***

Robert Tarbell, DVM

(209) 237-1843

**\*Ontario\***

Gene Little, DVM

(909) 947-4462

## Livestock Identification Branch

Glen Van Schaack, Chief

654-0889

FAX 653-5190

## Regional Administrators

**\*Northern California\***

Daren Carter

347-5721

**\*North Central California\***

Patrick Taylor

(209) 847-1910

**\*South Central California\***

Dennis Tosti

(209) 925-8207

**\*Southern California\***

John Suther

(909) 923-8721

## Meat & Poultry Inspection Branch

Dennis Thompson, DVM, Chief

654-0504

FAX 654-2608

## District Veterinarians

**\*Sacramento\***

James Glover, DVM

654-0504

**\*Fresno\***

Namara Garbaba, DVM

(209) 255-7147

**\*Norwalk\***

A.K. Endo, DVM

(310) 863-4872

## Milk & Dairy Foods Control Branch

Lee Jensen, Chief (acting)

654-0773

FAX 654-1274

## Licensing & Inspection Fees

Pat Strickland

654-0916

## Dairy Program Coordinator

Lee Jensen

654-0773

## Regional Administrators

**\*Sacramento\***

Richard Gleason

654-1030

**\*Benicia\***

John Macy

(707) 745-6095

**\*Fresno\***

William Bordesca

(209) 445-5506

**\*Ontario\***

Richard Reed

(909) 923-9929